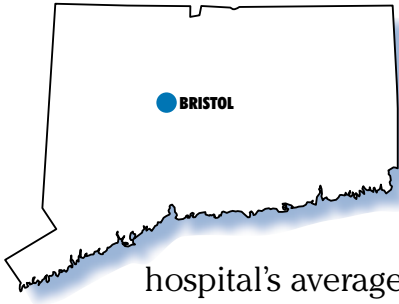


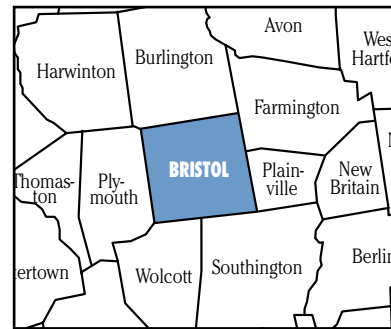
BRISTOL HOSPITAL

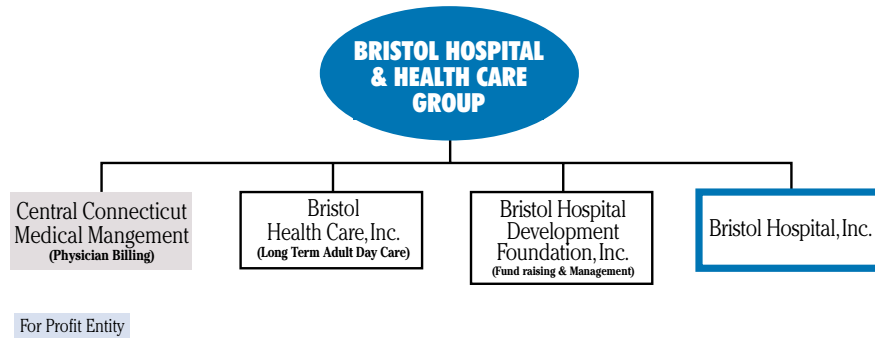
Bristol Hospital, founded in 1921, is located in Bristol and primarily serves the residents of that town. In FY 1999, the hospital staffed 141 of its 172 licensed beds and employed



806 Full Time Equivalents. Bristol Hospital is an affiliate of Saint Francis Hospital, and the two are currently implementing an integrated information system. The

hospital's average age of plant is 9.7 years as compared to the U.S. average of 9.2 years.



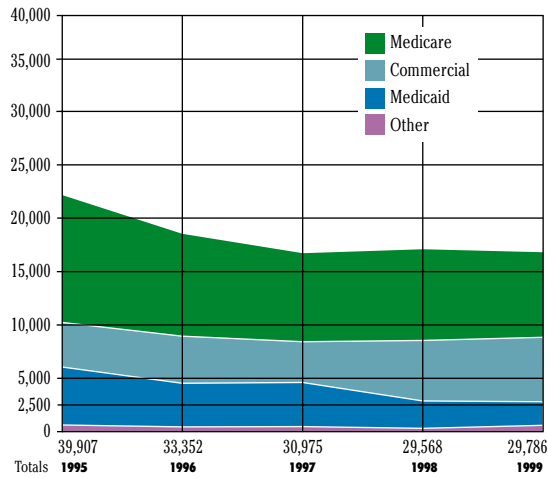
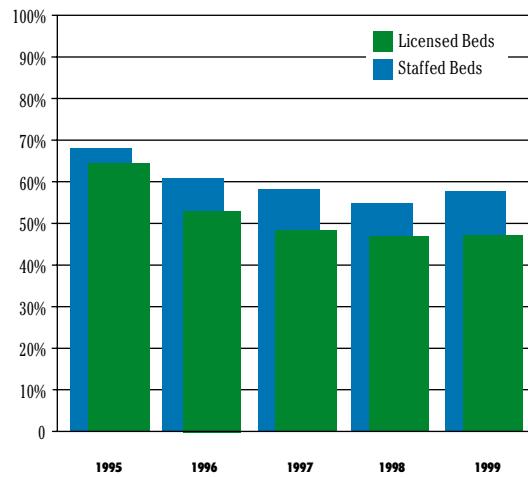
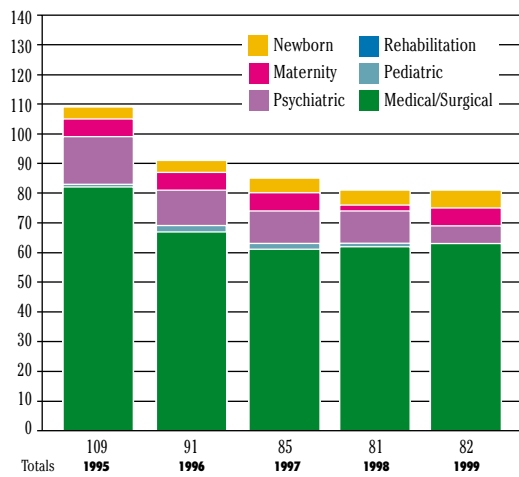
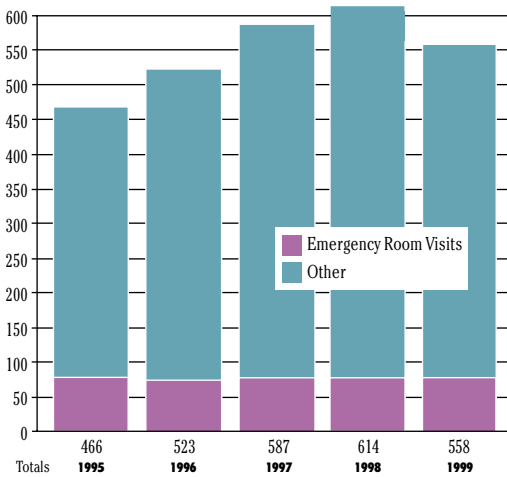
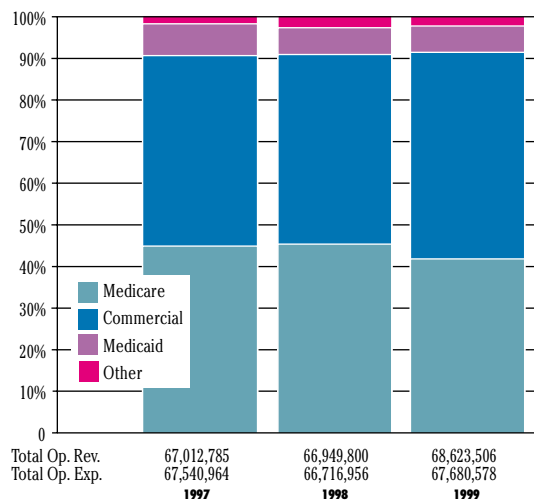


MARGINS	1997	1998	1999
Total margin	5.67%	4.63%	5.23%
Operating margin	-0.74%	0.33%	1.32%

PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.57	.51	.47
Medicare Payment to Cost	.94	.97	.93
Medicaid Payment to Cost	.59	.71	.74
Private Payment to Cost	1.18	1.13	1.21
Uncompensated Care Cost	\$2,542,989	\$2,234,392	\$2,473,339
Total expenses	\$67,540,964	\$66,716,956	\$67,680,578
Uncompensated care % of total expenses	3.77%	3.35%	3.65%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	56.90%	53.89%	59.82%
Debt service coverage	7.46	8.78	9.78

LIQUIDITY MEASURES			
Days of expenses in accounts payable	68.88	73.55	47.49
Days cash on hand	27.35	47.14	30.34
Days of revenue in accounts receivable	51.22	64.21	51.19

**PATIENT DAYS BY PAYER****AVERAGE OCCUPANCY****AVERAGE DAILY CENSUS BY SERVICE****AVERAGE DAILY OUTPATIENTS****NET PATIENT REVENUE BY PAYER**

KEY PERFORMANCE DRIVERS

- ◆ In addition to providing acute care services, Bristol Hospital owns and operates a long-term care facility, a home health agency, an adult day program, and physician practices.
- ◆ Bristol Hospital is affiliated with St. Francis Hospital and Medical Center in Hartford.
- ◆ Between 1997 and 1999 Medicare and Medicaid payment to cost ratios for the hospital are below 100 percent, but the commercial ratio was 1.21 in 1999.
- ◆ The hospital recently implemented a series of cost reduction activities, including eliminating some administrative positions and implementing a pay freeze.
- ◆ Bristol Hospital is beginning to feel effects of the statewide staffing shortage, particularly in the areas of nursing, pharmacy, physical therapy, and respiratory therapy. The shortages complicate staffing patterns and raise salary levels.
- ◆ In 1998, Bristol Hospital spent over \$10 million dollars acquiring and supporting 32 physician practices. The practices have proven to be highly unprofitable.
- ◆ The hospital's psychiatric unit reopened this year after undergoing extensive renovations. Capacity is 16 patients, and the unit has been operating at an average daily census of 13.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

Reimbursement. Bristol Hospital has been able to compensate for decreasing governmental revenue through profitable private payer reimbursement. Management is concerned that private payer reimbursement may decline, thereby leaving the hospital unable to cost-shift.

St. Francis Affiliation. In addition to providing Bristol Hospital with an affiliated tertiary care provider, the relationship has allowed Bristol to access administrative services and build needed clinical services. Bristol utilizes shared information systems and is moving toward further information technology integration.

Wellness Center. The hospital established a wellness center three years ago. The venture has been successful in raising community awareness of health issues.

Volume. Senior management attributes the hospital's recent volume increases to a successful patient satisfaction campaign, recruitment of additional physicians, and the affiliation with St. Francis Hospital.

Behavioral Health. Management believes that the limited capacity for outpatient behavioral health services is having a negative impact on hospital margins. The state's hospitals are spending excess resources treating mental health patients in the inpatient, acute care setting.